



## AGENDA REPORT

**DATE:** March 24, 2009

**TO:** City Council

**FROM:** J. Logan, ACM

**SUBJECT: RISK MANAGEMENT PROGRAM (RMP)**

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### **RECOMMENDATION**

Adopt Resolution 2009-10 approving the Risk Management Program (RMP) for the City of Los Altos.

### **BACKGROUND**

The Association of Bay Area Governments (ABAG) Pooled Liability Assurance Network (PLAN) Corporation provides general liability Insurance to the City. As part of ABAG PLAN's requirements to participate in liability coverage, agencies are rated according to their risk factors. In addition, agencies can qualify for incentives awards if they can demonstrate best practice methods to reduce their insurance risks.

The City needs to comply with the ABAG Plan requirements to establish a Risk Management Program.

### **DISCUSSION**

Adoption of the resolution approving the Risk Management Program (RMP) will fulfill a basic ABAG PLAN insurance requirement. In addition, adoption of the RMP will complete a best practices standard and will enable the City to qualify for certificate recognition and additional grant funds up to \$10,000.

The adoption of the RMP also establishes the Risk Management Policy and Goals Statement (Attachment 1) and a Risk Management Committee to manage all the components of the RMP including review of general liability and workers' compensation activities, reports and events.

Pursuant to California Labor Code sec. 3363.5, the City Council affirms that all volunteers are deemed to be employees for the purpose of Division 4 of the California Labor Code and therefore, volunteers are entitled to workers compensation insurance. The Risk Management Program acknowledges volunteers in the City and includes them in the workers' compensation insurance program.

The City Manager is responsible for the Program. Risk Management is the responsibility of each department manager. The Risk Manager is the staff liaison between the ABAG PLAN and the claims administration program. The Risk Management Committee in coordination with the Safety Committee assists in the accountability efforts and implementation of the RMP. Attachment 2 illustrates the dimensions of the RMC.

Administration and management of the claims process resides with the Los Altos Claims Board consisting of the City Manager, City Clerk and the Risk Manager pursuant to Los Altos Municipal Code, Chapter 3.08.040. The Claims Board has the authority to receive all claims pursuant to Government Code Section 900 et seq., give notice to claimant, conduct investigations and accept, reject, settle or compromise claims for the amount up to the self insured retention and make recommendations to the pool or other insurance carriers.

The goal of the RMP is to eliminate or reduce risk and loss and to protect the City from budget, property and injury losses through proactive and preventative risk management efforts.

Adoption of the proposed resolution would comply with ABAG PLAN's requirement to establish a Risk Management Program.

### **ALTERNATIVES**

An alternative is to revise the proposed Risk Management Program; however, the RMP as proposed incorporates all the best practices standards purported by ABAG PLAN. The RMP is a required component of ABAG PLAN membership.

Attachment(s):

1. Risk Management Policy and Goals Statement
2. Risk Management Program Overview

**RESOLUTION NO. 2009-10**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LOS ALTOS  
ADOPTING A RISK MANAGEMENT PROGRAM**

**WHEREAS**, the City of Los Altos is a member of the Association of Bay Area Governments (ABAG) Plan; and

**WHEREAS**, to comply with best practices standards, it is recommended that a risk management policy be established in a public agency to accomplish certain goals; and

**WHEREAS**, it is the intent of the City of Los Altos to provide a safe environment for its residents, visitors, and employees in which to live and work; and

**WHEREAS**, the City of Los Altos desires to provide workers' compensation coverage for City volunteers pursuant to the provisions of Section 3363.5 of the California Labor Code; and

**WHEREAS**, the City of Los Altos finds its best interest will be served by utilizing volunteers in the provision of certain City services; and

**WHEREAS**, said volunteers should be eligible for workers' compensation coverage while on duty; and

**WHEREAS**, the public interest is best served by providing workers' compensation coverage to City volunteers to protect the City from potential costly litigation and provide volunteers access to the same procedures for care and medical treatment as are provided to other City employees in the event of an injury or illness resulting from their services to the City;

**NOW THEREFORE, BE IT RESOLVED**, that the City Council of the City of Los Altos does hereby find and determine that the public interest is best served by providing workers' compensation coverage to City volunteers, and City volunteers shall be deemed to be employees for purposes of Division 4 of the California Labor Code while the person actually performs volunteer services, provided that the rights of volunteers shall be limited to those benefits set for the in the Labor Code.

The City Council of the City of Los Altos does hereby adopt a Risk Management Program to preserve its human, physical, and financial resources from the risk of accidental loss. The major goals of the Risk Management Program are:

- To eliminate or reduce the risk or loss;
- To apply responsive claims management techniques to losses that do occur; and
- To protect the City budget from catastrophic losses, or an annual accumulation of losses, that would cause financial hardship. Catastrophic loss is defined as any loss that substantially risks the City's assets.

The components of the Risk Management Program are:

- Establishment of a Risk Management Committee (RMC)
- A systematic process to identify, measure, and control loss exposures;
- A Citywide hazard identification system to quickly identify hazardous conditions and effect repairs;
- Encouragement of employees to properly notify appropriate parties of any condition that may expose someone to injury or damage;

- Review of all incident reports and claims; including a process to determine their cause, preventability, methods to prevent future occurrences, and claims and litigation defense strategy;
- A risk transfer process that assures the use of hold harmless and indemnity clauses in all City agreements, contracts, leases, and permits; and the use of insurance clauses that provide adequate protection to the City, within the judgment of the City Manager;
- A safety review process which encourages and discusses employee suggestions on safer operations within the City; and
- Establishment of self-insurance retention limits consistent with the City's financial resources; establishment of reserves on all self-insured losses to recognize the expected future cost, and appropriate funds to cover all self-insured liabilities; and insurance for risks and catastrophic loss potential shall be purchased whenever it is economically feasible; within the judgment of the City Manager.

The Risk Management Program acknowledges that City volunteers are entitled to workers' compensation insurance coverage and includes them in the workers' compensation insurance program.

Overall responsibility for the Risk Management Program shall lie with the City Manager. Risk Management shall be the responsibility of each Department Manager. The Risk Manager shall be the City's liaison with the ABAG Plan and its claim administration program. The Risk Management Committee in coordination with the Safety Committee shall assist in the accountability efforts and implementation of the Risk Management Program.

Administration and management of the claims process resides with the Los Altos Claims Board consisting of the City Manager, City Clerk and the Risk Manager pursuant to Los Altos Municipal Code, Chapter 3.08.040. The Claims Board has the authority to receive all claims pursuant to Government Code Section 900 et seq., give notice to claimant, conduct investigations and accept, reject, settle or compromise claims for the amount up to the self insured retention and make recommendations to the pool or other insurance carriers.

**I HEREBY CERTIFY** that the foregoing is a true and correct copy of a Resolution passed and adopted by the City Council of the City of Los Altos at a meeting thereof on the \_\_\_\_ day of \_\_\_\_, \_\_\_\_ by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

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Megan Satterlee, MAYOR

Attest:

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Susan Kitchens, CITY CLERK

# ATTACHMENT 1

## Risk Management Policy And Goals Statement

Based upon Resolution 2009-10

### **Purpose:**

The Risk Management Committee (RMC) provides leadership and coordination for meeting the City's safety and risk management programs and goals. The RMC is accountable for implementation of the City's Risk Management Program (Program) and the Illness and Injury Prevention Program, (IIPP) with the intent to provide a safe environment for City residents, visitors, volunteers and employees.

### **Goals:**

The major objective of the Program is to preserve its human, physical, and financial resources from the risk of accidental loss. The major goals of the Program are:

- To apply responsive claims management techniques to losses that occurs,
- To eliminate or reduce the risk of loss,
- To protect the City from either accumulation of losses or catastrophic (substantial risk to City's assets) budgetary losses that would result in financial hardship.
- To monitor and implement the IIPP program and goals.

Overall responsibility for the Program shall lie with the City Manager. Risk management shall be the responsibility of each Department Manager.

### **Components:**

The components of the Program are stated below:

- Systematic process to identify, measure and control loss exposures;
- Citywide hazard identification system to quickly identify hazardous conditions and effect repairs;
- Encouragement of employees to properly notify of any condition that may expose someone to injury or damage;
- Safety review process which encourages and discusses employee suggestions regarding safer operations within the City;
- Review system for all incident reports and claims, including a process to determine their cause, preventability, methods of future occurrence prevention, and claims litigation defense strategy;
- Include City volunteers in the workers' compensation insurance program;
- Process for risk transfer that assures: a) the use of hold harmless and indemnity clauses in all City agreements, contracts, leases and permits; b) the use of insurance clauses that provide adequate protection to the City, within the judgment of the City Manager; and
- Establishment of self-insurance retention limits consistent with the City's financial resources; establishment of reserves on all self-insured losses and liabilities to recognize the expected future costs; and purchase of insurance for risks and catastrophic loss potential when deemed economically feasible by the City Manager



## ATTACHMENT 2

# Risk Management Program Overview

**General Liability**  
Property / People  
(J. Logan/ P. Alvarez)

**Workers' Compensation**  
On-the-job injuries - RFT/RPT, PST & Volunteers  
(J. Logan / P. Alvarez)



